

MONTANA BOARD OF HOUSING

406-841-2840

301 S Park Ave, Room 226

Helena MT 59601

September 19, 2005

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)
Judy Glendenning, Vice Chairman (Present)
J.P. Crowley, Secretary (Present)
Susan Moyer (Present)
Audrey Black Eagle (Absent)
Jeff Rupp (Present)
Betsy Scanlin (Present)

STAFF: Bruce Brensdal, Executive Director
Nancy Leifer, Homeownership Program Manager
Mat Rude, Multifamily Program Manager
Gerald Watne, Multifamily Program Officer
Mary Bair, Multifamily Program Specialist
Justin Schedel, Multifamily Program Specialist
Penny Cope, Multifamily Program Specialist
Charles Brown, Single Family Program Officer
Jeannene Maas, Development & Training Specialist
Doug Jensen, Single Family Program Specialist
Chuck Nemec, Accounting & Finance Manager
Vicki Bauer, Assistant Accounting & Finance Manager
Jeannie Huntley, Promotions Manager
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt
John Wagner, Kutak Rock

UNDERWRITERS: Peter Nolden, UBS Financial Services, Inc.
Gordon Hoven, Piper Jaffray
Jerry Hoover, D.A. Davidson

OTHERS: Sandy Shupe, Wells Fargo
Cindy Donnel, Rural Development
Maureen Rude, Fannie Mae
Margaret Solheim, First Interstate Bank
Tracy Menuetz, HRDC IX

Jim Stretz, George K. Baum & Co.
Brendan Moles, District XI HRDC
Leon Stewart, District XI HRDC
Rand Kennedy, District XI HRDC
Tom Freisen, HUD
Karen Nebel, NHS/MHN
Rosemary Torkelson, NHS/MHN
Billie Lee, Lake County Community Housing Org.

CALL MEETING TO ORDER & APPROVAL OF MINUTES

Chairman Bob Thomas called the meeting to order at 8:30 a.m. Judy Glendenning moved to accept the August 25, 2005 Board minutes as amended. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

PUBLIC COMMENTS

Mr. Thomas asked the Board, staff, and guests to introduce themselves. He asked for comments from the public.

MULTIFAMILY PROGRAM

Mat Rude said the Qualified Allocation Plan (QAP) is at the Governors office awaiting his signature.

Mat presented a Reverse Annuity Mortgage (RAM) exception to the Lump Sum limit. Judy Glendenning moved to approve the RAM exception. J. P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously. A second exception was also for the Lump Sum Limit and also the Age Limit. Jeff Rupp moved to accept the RAM exceptions. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously. A third exception was for a Lump Sum Advance to fix up the house. Susan Moyer moved to accept the third exception. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously. The Board discussed the Lump Sum Limit. Susan suggested that staff track the history of RAM loans and then let the Board make a decision on changing the rule for what needs to come to the Board.

PROMOTIONAL PROGRAM

Jeannie Huntley submitted a press release on Bob Morgan. She gave Board members a copy of the monthly and year to date highlights for Housing Division.

Jeannie explained the strategic marketing plan. The division looked at where they are now and where they want to go. Each Program Manager looked at the goals, objectives, and tactics they are going to meet for the fiscal year. Betsy suggested the Board should participate in the planning and Bruce responded that Judy was part of Strategic Planning and Board members can always suggest and request changes. Jeannie said there will be quarterly updates. Jeff asked about the TANF Loan Program and Mat explained the Program. He said the Revolving Loan Account is money from the 2003 Legislature. The \$700,000 comes from Public Health and Human Services and is to be used for down-payment assistance for lower income families.

ACCOUNTING PROGRAM

Chuck Nemec reported that Fiscal Year End (FYE) was June 30th. Staff has been working on closing the books. The approximately \$2 million Multifamily debt service payment was made the first of August. Chuck said the timeline after FYE includes: Late July to balance, reconcile and close the books with Mortgage Servicers. At the end of July, staff balances and reconciles activities with the State Management Services books. During August & September, accounting staff balances and reconciles with the Trustees accounting system. In the next week, Chuck will be finishing Notes to the Financial Statement and the final should be completed by the end of October. He said Montana Board of Housing (MBOH) is in a healthy financial status. Bruce noted that the Audited Financials won't be released until they are reviewed by the Audit Committee. J. P. Crowley will be the Audit Chairman for the Board. Chuck praised Vicki Bauer for working overtime for 2 weeks to help balance the books.

SINGLE FAMILY PROGRAM

Nancy Leifer said that Bob Morgan is a person worth knowing and she plans on making a seamless transition for the Single Family Program. All the recommendations for the day were made with Bob's support. Bob suggested a name change to be like other states, therefore, the name will shift to the Homeownership Program.

Nancy presented the REO report showing one property listed. She said that Servicer delinquencies rates are at the low end of National averages. The Mortgage Credit Certificate (MCC) summary report shows that 40 certificates have been issued and 3 loans are reserved. Nancy said she will bring a proposal to the next meeting because the funding is due to expire.

The 2005 A Program has 185 loans reserved and 425 purchased for over \$64,000,000, which leaves \$25,850,000 uncommitted in the program. The Statewide Housing Profile shows the average loan amount, age, and income of different counties throughout the state. Staff will provide demographic information in the future. Bruce said the Recycled Program reaches families whose household income averages \$25,000. Maureen Rude said low income pool was reviewed and found that the average income had not changed in 10 years and low income people were served with the continuous funding MBOH provides. Nancy said the reservation rate has been lagging and loans are coming in slowly. Staff recommended reducing the rate to 5.25%. The majority of the 2005 A has been reserved and staff would like to move the money out by the end of the year. Peter Nolden passed out a chart that showed the market trends since the first of the year for the 10-year treasury. Reasons for the decline in the rate include: The Feds have been busy raising short-term interest rates, the price of oil has been increasing, and the Dow Jones industrial average have gone down. Peter suggested an economic refunding to offset the cost of reducing mortgage loan rates on the 2005 Series A lendable proceeds. He would like to present a proposal in October. Judy Glendenning moved to reduce the interest rate to 5.25%. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Susan Moyer moved to give staff authority to lower or increase the rate by ¼% on an on-going basis. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

The recycled setaside summary shows \$25,349,647 committed to setasides. Nancy said the Teacher's Program has just started. The Native American Housing Program is with the Salish & Kootenai who are using tribal funds to guarantee the loans.

Rand Kennedy presented a request from the District XI HRDC in East Missoula for a Native American Lease/Purchase Project. It is a rent-to own program. He requested \$700,000 to target Native American homeowners. It would allow acquiring properties before prices are escalated in cost. He hopes it will become a model project program to help Natives Americans have a pathway to walk between two worlds. They will design culturally sensitive educational materials. The houses will be eligible for RD and other financing. Betsy Scanlin moved to approve the request from District XI HRDC for \$700,000 at 5% for 5 years. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Betsy reiterated the need exists for affordable housing to high growth areas to be subsidized.

Nancy introduced Billie Lee from the Lake County Assistance Office. Billie Lee requested \$1,500,000 for 12 homes to be sold to homeowners at below 80% of median income. She reiterated that building costs are increasing rapidly. J. P. Crowley moved to create a set aside of \$1,500,000 at 5% for Lake County for 2 years. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Tracy Menuez of the District IX HRDC in Bozeman requested \$2 million to replenish the funds in their setaside program for one year. J.P. Crowley moved to approve the request. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Jeff Rupp abstained from the vote. Betsy said we need to address subsidizing affordable land with costs increasing. Judy noted that lots of existing homes fit into our programs in spite of land costs for new construction. Susan said the land costs get passed on whether it is old homes or new construction. Betsy said tools exist to address the problem and legislative action may be needed. Bruce said a focus group exists to bring issues to the legislature. He invited a Board member to participate and Betsy and Susan volunteered.

Cindy Donnell from Rural Development requested \$1,000,000 for the loan leveraging program. Judy Glendenning moved to approve the request for \$1 million at 5% for 2 years. Susan Moyer seconded the motion.

Karen Nebel of Neighborhood Housing Services and Montana Homeownership Network (NHS/MHN) requested \$5 million for their program which serves low-income families. Judy Glendenning moved to approve the NHS/MHN request for \$5 million at 5% until 12/31/06. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Staff request \$1,000,000 for the First-Time Home Buyer Savings account Program and also \$1,000,000 for the HUD Section 184 Indian Housing Program. Judy Glendenning moved to put \$1 million in each program for 1 year at 5%. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Maureen Rude gave information on the HUD 184 Program.

DIRECTOR'S UPDATE

Bruce Brensdal said the Mountain Plains Regional Summit will start June 4th in Helena. Betsy invited the Board and staff to tour projects in Red Lodge. She suggested having a weekend retreat to update the Strategic Plan.

The Board will be notified on any Conference Calls for the refunding.

Betsy and J.P. gave a report on the National Council of State Housing Board's Conference in Colorado Springs. Bob Thomas reported on the Washington Housing Conference in Spokane and said it was tailored to a basics 101 class.

Bruce discussed future meeting dates and locations. Meetings are tentatively scheduled for October 17th in Red Lodge, and November 21st in Helena.

The meeting adjourned at 11:20 a.m.

J. P. Crowley, Secretary

Date